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CENTRAL INTELLIGENCE AGENCY

REPORT

## INFORMATION REPORT

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Various Financial Measures

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1. Ordinance Concerning the Position of Chief Bookkeeper in Enterprises of the  
Nationalized Economy - 17 February 1955

This ordinance was well received within the Ministry for Heavy Industry and in its enterprises since it represented an improvement over the old regulations and clearly set out the rights and duties of the Chief Bookkeeper as comptroller (Kontrollleur) for the State. It had the further advantage of assuring the Chief Bookkeeper complete independence in his place of employment. While no fundamental difficulties have arisen in practice, certain shortcomings have been noted:

a) The functions of the Chief Bookkeeper as set down in the new ordinance are deserving of some material recognition.

b) In the medium-sized and smaller enterprises, the absolute separation of operational and comptroller functions has been carried out only with certain difficulties, chiefly because of personnel problems.

2. Ordinance Concerning the Director's Fund in Enterprises of the Nationalized  
Economy for the Plan Year 1955 - 17 February 1955  
Ordinance Concerning Payment of Awards to Engineering and Technical Personnel, and for  
former and commercial executives in the Nationalized Enterprises - 17 February 1955

These two new directives have been gladly accepted as improvements over previous practices, both because the conditions governing payments into the fund and the awarding of premiums are clearly regulated and because the performance principle has been adequately taken into account.

a) Unfortunately however, the minimum payments into the fund of 1% were not adequate in a majority of enterprises to cover financing of cultural and social obligations. Furthermore, such enterprises then have no funds available for the competitions and awards intended

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to encourage the elimination of the existing arrears.

b) In addition, the present impossibility of eliminating from the record technical breakdowns leading to plan underfulfillment, when these were not the fault of the enterprise concerned, is considered unjust. The responsible Minister at least should have the right to permit the elimination from the record of breakdowns for which the enterprise was not responsible.

c) With respect to prize awards, it is a decided disadvantage that the awards are tied in with the quarterly rather than the yearly plan fulfillment. Thus the danger exists that substantial premiums may be paid out during the year without the enterprise actually fulfilling its year's plan completely.

d) The percentage increase in the award rate through overfulfillment of the profit plan (Gewinnplan) has led in many cases to unjustifiably high awards. This has happened particularly in cases where an enterprise with a small planned profit was able to show a very high overfulfillment percentage and thereby easily reach a 150% plan fulfillment.

e) Engineering enterprises (Projektierungsbetriebe) employing chiefly members of the technical intelligentsia, are sharply critical of the fact that the special award ordinance for engineering enterprises (Konstruktionsbetrieben) has still not made its appearance.

3. Ordinance Concerning the Production Tax and Services (Dienstleistung) Tax in Nationalized Industry and Nationalized Services Enterprises - 6 January 1955

The introduction of the production tax was considered to be a definite improvement since it replaced with one tax a variety of earlier tax forms and also eliminated a number of complicated special regulations left over from the capitalist period. However, since the tax is based on the very fluctuating profit in the current industrial selling price of individual items, enterprises, such as those of the chemical industry which produce numerous and varied types of products, have extensive extra work merely in calculating the tax. It would simplify matters considerably if the levelling of the tax could be carried out in a form whereby different tax rates would be applied only up to a certain maximum.

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